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INDIA, AUSTRALIA SIGN LANDMARK DEFENCE DEAL

India and Australia on Thursday signed seven agreements including a deal for reciprocal access to military bases

MODI, MORRISON HOLD VIRTUAL SUMMIT

The pacts were signed during an online summit between Prime Minister Narendra Modi and his Australian counterpart Scott Morrison. The Mutual Logistics Support Agreement (MLSA) will allow Indian and Australian militaries to use each other's bases for repair and replenishment of supplies besides facilitating scaling up of overall defence cooperation

ANTI-CHINA QUAD GETS MORE POWER

- India has similar agreements with the US, France and Singapore
- The pact assumes significance as it increases the operational value of the Quad comprising India, Australia, Japan and the US
- India and Australia also decided to elevate their ties from comprehensive to strategic comprehensive partnership

NSG
AUSTRALIA HAS STRONGLY SUPPORTED INDIA'S NSG MEMBERSHIP BID

CHENNAI • MADURAI • VIJAYAWADA • BENGALURU • KOCHI • HYDERABAD • VISAKHAPATNAM • COIMBATORE • KOZHIKODE • THIRUVANANTHAPURAM • BELAGAVI • BHUBANESWAR • SHIVAMOGGA • MANGALURU • TIRUPATI • TIRUCHY • TIRUNELVELI • SAMBALPUR • HUBBALLI • DHARMAPURI • KOTTAYAM • KANNUR • VILLUPURAM • KOLLAM • WARANGAL • TADEPALLIGUDEM • NAGAPATTINAM • THRISSUR • KALABURAGI

SC poser on moratorium interest

RBI's stance against interest waiver under lens; FinMin told to file joint reply by June 12

EXPRESS NEWS SERVICE
@New Delhi

THE Supreme Court on Thursday took exception to banks charging interest rate of term loans during the six-month EMI moratorium period, terming it 'detrimental' to borrowers.

The court's observation came while hearing a petition filed by Agra-based Gajendra Sharma against the Reserve Bank of India (RBI)'s March 27 circular allowing banks to grant moratorium to borrowers on payment of instalments for three months but without offering any relief to consumers as it permitted interest on the loan amount to accrue. A subsequent RBI order on May 22 raised the moratorium period to six months.

In its affidavit filed before the SC, RBI said it was against a forced waiver of interest by banks as the same would not only affect the financial health of banks but also jeopardise depositors' interests.

During the hearing, a three-judge bench headed by Justice Ashok Bhushan said, "Economic aspect should not be higher than health of people."

Senior advocate Rajiv Dutta, appearing for the petitioner, said, "Cat is out of bag. They (RBI) are saying profitability of banks is prime. So only banks should earn and rest of the country go under?"

Solicitor General Tushar Mehta sought time to take instructions from RBI and the finance ministry. The SC gave him time till June 12 to file a comprehensive response.

"We want you to give your stand on two issues — one, no interest during moratorium, and second, on the issue of not levying interest on the interest," Justice Bhushan told Mehta.

Adding to it, Justice M R Shah said, "The RBI circular was detrimental to a borrower. While on one end you are granting moratorium, but on the other, nothing (no relief) on interest. This is more detrimental."

"Moratorium came after discussing all aspects and what was best suited for all. We cannot give relief to one entity at the cost of another," said a finance ministry official.

Bad loans to soar, affect banks' profitability: Icra

EXPRESS NEWS SERVICE
@Hyderabad

BAD loans of Indian banks are expected to rise to 11.3-11.6% this fiscal and ₹45,000-82,500 crore capital might be required to overcome the rising asset quality pressures, according to Icra Ratings. It added banks' profitability could be under stress, while the overall credit growth is projected at a dismal 3-4% in FY21.

For FY20, NPAs are pegged at 8.6% and considering the unexpected rise in bad loans in FY21, capital needs of banks shot up from Icra's earlier estimate of ₹10,000-20,000 crore.

"The uncertainty on the asset quality of banks remains high with almost 30-40% of loan book across various banks under moratorium announced by the Reserve bank of India (RBI)," ICRA said.

Besides state-run banks, private lenders too need and are expected to raise approximately ₹25,000-48,300 crore capital during FY21-FY22 to maintain higher capital ratios and mitigate rising asset quality stress.

Borrowers' ability to repay loans has been severely hit due to the lockdown and the pace of economic revival will determine the final impact on asset quality. Subsequently, Icra notes that even if 10-20% of the borrowers default, the slippage rate for banks could rise to 3-8% of loans.

Private banks, too, will be hit

Icra expects the profitability of private sector banks to moderate with return on equity falling to 3.5-5.1% in FY21 against 10-12% projected earlier

"The RBI moratorium to borrowers was extended by another three months till August 31, 2020, and we expect the asset quality stress is likely to reflect only in Q3 FY2021 and Q4 FY2021 results," said Anil Gupta, sector head - financial sector ratings, ICRA Ratings, in the statement.

He added credit provisions will continue to exceed the operating profits for the public sector banks (PSBs) during FY2021, translating in a sixth consecutive year of loss.

COMING TO THE RESCUE

An eagle soars above Mysuru city on Thursday with a synthetic gunny bag entangled in its claws even as another bird attempts to help it out of its misery. As another World Environment Day dawns, plastic continues to remain a major source of pollution affecting man and animal alike | UDAYSHANKAR S

EXPRESS READ

Veteran filmmaker Basu Chatterjee dies

Mumbai: Veteran filmmaker Basu Chatterjee, known for his relatable brand of cinema with films such as 'Rajnigandha' and 'Chitchor', died on Thursday following age-related health issues. He was 93. **P10**

Gandhi statue vandalised in US

Washington: Miscreants vandalised the statue of Mahatma Gandhi outside the Indian embassy in the US with graffiti and spray paint, prompting the mission to register a complaint with law enforcement agencies. **P10**

WITH THIS ISSUE
CITY'S BEST WEEKEND GUIDE
INDULGE
32 PAGES, INCLUDING 16 OF INDULGE (TABLOID)

No date for GP polls, but SEC to get new car

ASHWINI M SRIPAD @Bengaluru

THE State Government is unsure if gram panchayat elections can be held anytime soon, but has gone ahead and approved the purchase of a high-end Multi-Utility Vehicle for 'election duty' use of the State Election Commissioner. The move comes at a time when the government is facing a severe fund crunch even as it battles the Covid-19 outbreak.

Elections to 5,800 of the 6,025 gram panchayats in the state have been necessitated as their tenure expires between May and June. As per rules, the elections are to be held before expiry of the term.

However, citing "exceptional circumstances" in the light of the pandemic, the State Election Commission (SEC) had put it off and no further date was announced.

The order approving the MUV purchase.

In July last year, the SEC auctioned the Tata Indigo which was being used by State Election Commissioner and placed a request with the government for a Toyota Innova Crysta. The reason cited was the gram panchayat elections in 2020 and taluk panchayat elections in 2021, for which the Commissioner would have to travel extensively across the state.

At that time, the SEC had Rs 78 lakh in grants and, in November 2019, the Finance Department approved the purchase of a Toyota Corolla at a cost Rs 14 lakh from the available funds. **CONTINUED ON: P7**

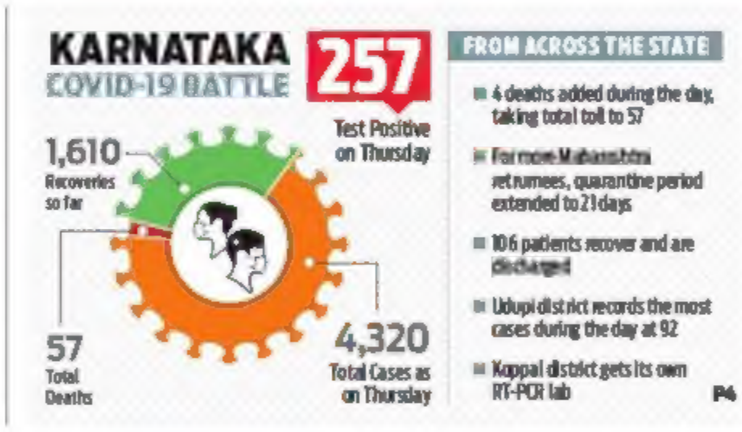
First arrest in pregnant elephant death case

EXPRESS NEWS SERVICE @Palakkad

WITH the death of a pregnant elephant in Kerala on May 27 — after chewing on a pineapple loaded with crackers — drawing adverse attention, the state began efforts to limit damage, with a joint investigation team of the police and forest department personnel taking three persons into custody on Thursday. Two of them were released in the evening. The elephant succumbed to her injuries at Ambalapara near Thiruvazhamkunnu.

Palakkad Superintendent of Police G Sivavikram said that separate cases have been registered under the Wildlife Protection Act, 1972, and the Explosives Act, 1984. A joint team of police and forest departments has been formed to probe the elephant's death.

District Forest Officer Sunil Kumar told this newspaper that the state forest department has started combing operations around 50 km radius of the buffer zone to see whether any explosives have been planted to kill wild animals.



FROM ACROSS THE STATE

- 4 deaths added during the day, taking total toll to 57
- For more Maharashtra returnees, quarantine period extended to 21 days
- 106 patients recover and are discharged
- Udupi district records the most cases during the day at 92
- Koppal district gets its own RT-PCR lab **P4**

CYCLE PIONEER

Atlas Shrugged! It finally rides into history

NAMITA BAJPAI, ANURADHA SHUKLA, RAJKUMARI TANKHA & SOMRITA GHOSH @Lucknow/New Delhi

AMONG the hundreds of artefacts that adorn the walls of the Nobel Museum in Stockholm, Sweden, is a black-coloured bicycle hanging from an iron rod.

"That's no ordinary bicycle," the curator of the museum told a group of Indian journalists in December last year, just before Indian-American economist Abhijit Banerjee, who shared the economics Nobel for 2019 with Esther Duflo and Michael Cremer, was presented the award.

Atlas Cycles employees protesting the shutting down of its unit at Sahibabad in Ghaziabad | ANIL SHAKYA

The bicycle, made by Atlas, belonged to another well-known son of India, economics Nobel laureate Amartya Sen. The 1998 Nobel winner used to cycle on it during his field work in West Bengal, studying poverty and inequality in the impoverished regions.

Sen could not be reached for comment but he will surely rue the fact that Atlas Cycles Haryana Ltd, the makers of the iconic cycle brand, the pioneers of the cycling revolution in India and the first cycle of almost every child, is now history.

A journey that started in 1951 from a modest tin shed in Sonepat, Haryana, about 40 km from Delhi, has ended. The company shut its last factory in Sahibabad, just outside the national capital, on June 3. **CONTINUED ON: P10**

MGNREGS: CONTRIBUTING TO GREEN COVER ACROSS RURAL KARNATAKA

CELEBRATING WORLD ENVIRONMENT DAY

Shri K.S.Eshwarappa, Hon. Minister for RDPR will inaugurate MGNREGS plantation drive

5TH JUNE 2020
Central University, Kalaburagi

Shri K.S.Eshwarappa
Hon. Minister for RDPR

Shri B. S. Yediyurappa Hon'ble Chief Minister

- On this day, **2,84,950 saplings** will be planted across all Gram Panchayats in Karnataka.
- **1.36 Crore saplings** will be planted during monsoon this year.
- **5.48 Lakh Cubic meter** trenches are dug under Ridge to Valley Concept to aid in soil and moisture conservation.
- A minimum of 65% of Gram Panchayat's Action Plan will consist of Natural Resource Management activities, estimating up to **Rs. 3,873 Crore** this financial year.
- **"Bund Abhiyana" or "Bund Construction Month"** is being celebrated for the month of May-June 2020 to ensure soil and moisture conservation in Rural Karnataka. Since April 1st 2020, **40,000+ farmers** have been covered under the Farm Bunding Abhiyana.

MGNREGS is building a sustainable future across rural Karnataka

Submit your work/wage demand applications through **Kayaka Mitra app**

Or call toll free number: **1800-4258-666**

"To protect and improve the natural environment including forests, lakes, rivers and wild life, and to have compassion for living creatures" is a fundamental duty of every citizen of our country enshrined in the Constitution

Department of Rural Development and Panchayat Raj